

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: Chapter 11  
SI02 MEDICAL PRODUCTS, INC., Case No. 23-10366 (JTD)  
*et al.*,  
(Jointly Administered)  
Courtroom No. 5  
824 Market Street  
Debtors. Wilmington, Delaware 19801  
Wednesday, April 26, 2023  
1:00 p.m.

TRANSCRIPT OF OMNIBUS HEARING  
BEFORE THE HONORABLE JOHN T. DORSEY  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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1 (Proceedings commence at 10:07 a.m.)

2 THE COURT: Good afternoon. This is Judge Dorsey.  
3 We are on the record in Si02 Medical Products, Inc., Case No.  
4 23-10366.

5 I will go ahead and turn it over to debtors'  
6 counsel to run the agenda.

7 MR. ALBERTO: Good afternoon, Your Honor. Justin  
8 Alberto from Cole Schotz on behalf of the debtors.

9 Your Honor, I trust you have received a copy of the  
10 amended agenda that we filed earlier today.

11 THE COURT: Yes. I did not receive -- I was told  
12 there was going to be a revised DIP order, which I have not  
13 seen.

14 MR. ALBERTO: To clarify, Your Honor, we did file,  
15 under certification, a revised DIP order. And then, through  
16 communications with the committee, we reached out to your  
17 Chambers and ask that Your Honor hold off on entering that  
18 DIP order pending review by the committee which I believe Mr.  
19 Cavello acknowledged. With that, perhaps my co-counsel, Mr.  
20 Schartz, from Kirkland & Ellis, can provide a little more  
21 detail.

22 THE COURT: All right.

23 MR. SCHARTZ: Hi, Judge. Brian Schartz, Kirkland &  
24 Ellis, proposed counsel to the debtors.

25 We have one small change to the DIP order that we

1 hopefully will get on file here pretty quickly. It's a  
2 pretty unextraordinary change, but we do want to get it in  
3 there. We can either talk about it when we get there in a  
4 second or we can file it under COC right after the hearing,  
5 but it should not be extraordinary.

6 THE COURT: All right. Well, why don't we go  
7 forward. You can tell me what the change is and I will wait  
8 for it to be submitted under COC.

9 MR. ALBERTO: It is Docket Item No. 210 where we  
10 filed the certification of counsel with a revised DIP order  
11 underneath. I am happy to email that to your Chambers if you  
12 don't have it in front of you.

13 THE COURT: Yes, please do.

14 MR. ALBERTO: We can do that.

15 MR. SCHATZ: Thanks again for having us. This is  
16 Brian Schartz for the record of Kirkland & Ellis on behalf of  
17 the debtors.

18 I did want to, sort of, give you a quick update on  
19 where we are at in the case. Its been a pretty busy few  
20 days, as I'm sure you have seen on the docket. We really do  
21 appreciate all you have done to get orders entered and on  
22 file as they have come through. I think, as we sit here  
23 today, we have accomplished a lot through COC. The only  
24 thing left open is the DIP.

25 I want to just take a moment to take stock on the

1 record of where we're at, where we think we're going as we  
2 head into May and give Your Honor an opportunity to ask any  
3 questions and let anyone else be heard if they have anything  
4 they want to say on the record about the process.

5           So, it's been almost 30 days since the first day  
6 hearing and it's been a very busy few weeks, Your Honor. On  
7 April 13th the U.S. Trustee appointed the official committee  
8 of unsecured creditors. That committee, very quickly,  
9 retained White & Case, Potter Anderson as counsel, and  
10 Province as financial advisor. The committee, suffice to  
11 say, you know, hit the ground running.

12           We adjourned today's hearing from last week to this  
13 week to allow them to give -- to give them an opportunity to  
14 dig into the motions, the case overall, and we did our best,  
15 on the debtors' side, to respond as quickly as possible. We  
16 all worked to dual track this. Today had the potential to be  
17 a contested hearing. Objections were filed late on Friday.  
18 And discovery was happening over the weekend on a rolling  
19 basis.

20           We worked closely with the committee, with our DIP  
21 lender and plan sponsor at Oaktree and through their counsel,  
22 Sullivan & Cromwell, to reach the resolution that we have  
23 today on a whole host of issues. And while we haven't, you  
24 know, agreed or seen the case at every point along the way, I  
25 will say, you know, we have reached a huge amount of

1 consensus today. I think it's been a good working  
2 relationship with the committee, and its advisors, and  
3 Oaktree. We hope to maintain that constructive relationship  
4 throughout the cases.

5           There were other objections filed, one by Mr. Bobby  
6 Abrams, the company's founder and former chairman to the  
7 process. We were able to resolve those as well with the  
8 agreements that we reached with the committee. There was  
9 also some objection from the U.S. Trustee to the bid  
10 procedures that we also were able to resolve. So, the whole  
11 process, I think, has been working out very well.

12           So far, we have complied with the committee's  
13 request for production of documents. By my count, as of this  
14 morning, we have supplied about 400 files, just under 10,000  
15 pages so far. We are going to continue to do what we can to  
16 satisfy their requests. There was a deposition of Mr. Cowan  
17 of Lazard that happened on Monday in advance of this hearing.  
18 We were set to have another deposition of Mr. Seth Bullock of  
19 A&M yesterday, but ultimately, we canceled that as peace  
20 broke out on the last few remaining disputed issues with the  
21 committee.

22           We also are working to conduct our own  
23 investigation on the debtors' side and we plan to coordinate  
24 both Oaktree and the committee on that. The capital raise  
25 committee, which, as I mentioned at the first day hearing,

1 includes four independent and disinterested members and the  
2 CEO, continue to look and investigate all potential claims  
3 and causes of action. That includes potential claims and  
4 causes of actions against Mr. Abrams associated for a whole  
5 host of things.

6 Looking ahead, we have filed a 2004 motion that is  
7 set to be heard on May 16th as it relates to ongoing  
8 discovery requests of Mr. Abrams. So, that is just something  
9 to preview, nothing up for today. We expect to coordinate  
10 with the UCC's advisors as much as we can so that we can keep  
11 costs low and keep this process as efficient as possible.

12 On the marketing process we started this case with  
13 the goal of effectuating a sale process while were in Chapter  
14 11. Just to refresh your recollection we have a plan on  
15 file, it's a debt for equity plan, where (indiscernible) one  
16 hundred of the equity, but we're also marketing the business  
17 through the case and that is what was approved in the bid  
18 procedures order.

19 One of the key points that we addressed in our  
20 negotiations and discussions with the committee is that the  
21 timeline has now been kicked out. So, the initial indication  
22 of interest deadline is now May 12th at 4 p.m. Eastern. The  
23 bid deadline is June 12th at 4 p.m. Eastern. And we are  
24 going to select qualified bids by June 14th. And if we have  
25 qualified bids, we will have an auction on June 15th; all

1 working towards a sale or confirmation hearing by June 22nd.

2           The case has tight liquidity. That was the most we  
3 could squeeze out of the DIP budget, but that was where we  
4 ended in our negotiations around additional time. I wanted  
5 you to be aware of it.

6           As the marketing process has played out, you know,  
7 debtors have done all they really can to reach out to a broad  
8 universe of potentially interested parties. Today its just  
9 over 100 financial and strategic partners have been put in  
10 contact with Lazard and the company. The debtors have  
11 executed confidentiality agreements with about 30 of those  
12 parties.

13           We are hopeful that, you know, we are going to get  
14 some level of interest at the May 12th deadline as it comes  
15 up in the next few weeks. The company's management and  
16 advisors have scheduled or given comprehensive management  
17 presentations right now to 12 parties and several parties  
18 have conducted site visits.

19           So, this is very busy behind the scenes in terms of  
20 the marketing process. We are hopeful that that is going to  
21 come to a productive resolution.

22           Any questions, Your Honor?

23           THE COURT: Not so far. Thank you.

24           MR. SCHATZ: Like I mentioned, there were a couple  
25 changes to the timeline that I just read into the record.



1 The other change to the bid procedures is we clarified a  
2 couple important points. Just so you are aware of them:

3           Number one, really this could be for the assets of  
4 the company, it could be for the equity of the company.  
5 Really we are open to hearing whatever it is that someone  
6 wants to submit. The floor bid was an issue in the  
7 objections. We have clarified in the process letter and the  
8 bid procedures we will take any bid. While we want to look  
9 at the bids, we want to see what it is, we want to make a  
10 decision, so we have clarified those points. I think those  
11 were important points that the committee raised. We have  
12 done our best to address them with the consent of Oaktree as  
13 well.

14           Overall, without sounding too self-serving, I do  
15 think the cases are on solid footing as we stand here today  
16 from a liquidity and process perspective. And I am extremely  
17 pleased that, you know, we were able to avoid a contested  
18 hearing today.

19           Looking ahead we expect to file our SOFAs and  
20 scheduled, hopefully, today before midnight. We are not  
21 going to extend that deadline. We wanted to get those on  
22 file as quickly as possible. And for the May 16th hearing we  
23 have the 2004 motion, as I mentioned, the disclosure  
24 statement is also up.

25           On the cash management motion there was a 345 issue

1 that the U.S. Trustee and raised at the first day hearing.  
2 We have moved that from today to the May 16th hearing. Our  
3 hope is that that will actually be resolved by then and we  
4 will have the bank situation to sort it out. Then there is a  
5 dispute with the U.S. Trustee around sealing a portion of the  
6 creditor matrix. That is fully briefed. We didn't want to  
7 take up time today. So, with the U.S. Trustee's consent that  
8 has been adjourned to May 16th as well.

9 That is the sum and substance of the update.  
10 Again, we do appreciate everything you and Chambers have done  
11 to accommodate us. I know we filed a whole host of papers. I  
12 will let other people talk and then on the DIP I am going to  
13 let my partner, Dan Latona, take the podium when we get  
14 there.

15 THE COURT: All right. Let me go ahead and hear  
16 from Ms. Richenderfer and then I will go to the committee.

17 MS. RICHENDERFER: Thank you, Your Honor. Good  
18 afternoon. Linda Richenderfer on behalf of the Office of the  
19 United States Trustee.

20 Your Honor, as counsel just mentioned, the U.S.  
21 Trustees Office did agree to push off the status on the cash  
22 management order, but since we're here today I might as well  
23 give you a little bit of an update so you know how things are  
24 going through.

25 There are three banks that the debtor uses:

1           One was already a bank that had a UDA with my  
2 office. So, that has not been an issue.

3           The second bank, Southern, as I understand it, the  
4 debtor generally holds about \$2,000 or less in those bank  
5 accounts and its somehow related to the relationship under  
6 which Southern became a secured creditor of the debtor  
7 because, I think, it has a security interest in some  
8 equipment; something of that nature. What we will do is  
9 hopefully we will be able to agree upon language for a final  
10 cash management order that will make it clear that any funds  
11 held at Southern will be below the FDIC insured amount; far  
12 below the FDIC insured amount.

13           That left us with the third bank and I can report  
14 that there have been a lot of emails exchanged. The UDA  
15 agreement appears to be something new to the people at the  
16 bank. I think its Rezinant [ph], I'm probably not saying that  
17 correctly. But the person in my office who handles the  
18 uniform depository agreements has been in touch with people  
19 there. Alvarez & Marsal has been involved in this process for  
20 the debtor. Debtors' counsel has been involved. And as late  
21 as half an hour ago there were emails going back and forth.

22           I think that there is some confusion about what  
23 information the bank needs to provide first and what  
24 information the U.S. Trustee needs to provide to them. We  
25 are working on that. The 30 days runs on Monday, May 1st. I

1 am very, very hopeful that we will have a signed UDA with  
2 this bank by Monday, May 1st based on the communications that  
3 I have been seeing. Of course, there is no guarantee until  
4 something is signed, but I will say that there has been more  
5 then a good faith effort made by both the people in my office  
6 that deal with this and the people at the bank. And Alvarez  
7 & Marsal has been assisting to get this agreement signed  
8 within the 30-day period.

9 THE COURT: Okay.

10 MR. SCHATZ: Its Renasant Bank and we take your  
11 concerns, Ms. Richenderfer, very serious. So, hopefully, we  
12 can get that across the line.

13 THE COURT: Thank you.

14 Anything else, Ms. Richenderfer?

15 MS. RICHENDERFER: Your Honor, I guess the only  
16 other thing is that, you know, my office did file an  
17 objection to the bid procedures motion. It was resolved  
18 through the changes that were made in response to the motion  
19 and the negotiations that occurred between the debtor, and  
20 Oaktree, and also the committee because the committee raised  
21 similar concerns to those that were raised by the United  
22 States Trustees Office --

23 THE COURT: Okay.

24 MS. RICHENDERFER: -- such as the timetable for the  
25 marketing process and who participated as a consulting party

1 in the bid procedures, and whether or not the full 75-day  
2 challenge period would be available for the committee. And  
3 the negotiations that the committee undertook resulted in  
4 agreements that address those issues amongst, in addition to,  
5 those that the committee had on top of those.

6 THE COURT: Okay. What about the creditor matrix  
7 issue. Is that going to be resolved before the 16th?

8 MS. RICHENDERFER: Your Honor, I don't think it  
9 will be resolved. I have provided to debtors' counsel a copy  
10 of the transcript from the hearing in which Judge Owens  
11 agreed with the position of the U.S. Trustees Office and  
12 ordered the debtor in FB Debt to un-redact the names of  
13 individuals in the UK and the European Union.

14 I understand from debtors that it's an issue that  
15 they want to, I guess, readdress with Your Honor. I have not  
16 seen a reply yet from them. I'm sure they will be filing  
17 one. And it looks like we may, unfortunately, have to take  
18 up Your Honor's time with that on the 16th.

19 THE COURT: Okay.

20 MS. RICHENDERFER: I don't what else I could  
21 provide at this point, Your Honor, because I think Judge  
22 Owens ruling goes through her analysis which is the analysis  
23 that we used. It's also set forth in our objection to the  
24 redaction of the names.

25 MR. SCHATZ: Your Honor, Brian Schartz. We are a

1 little bit stuck between a rock and a hard spot on this  
2 because we are complying with non-US regulations or we're  
3 subject to non-US regulations or potentially subjected to  
4 non-US regulations where if we don't challenge it and we  
5 don't have (indiscernible) saying we have to do it we could  
6 be open to liability in another jurisdiction. So, that is,  
7 kind of, point one.

8 Point two is, you know, we have read the U.S.  
9 Trustees pleading. We have read Judge Owens decision. We  
10 have briefed the reply. We will send that over and make sure  
11 the U.S. Trustee has seen it. We have a different view. So,  
12 we would like to talk about that and, unfortunately, I hate  
13 binary issues in bankruptcy, but this just may be one of  
14 those and we will try and do it as quickly and efficiently in  
15 front of Your Honor as possible.

16 THE COURT: Well, it's going to be tight. The  
17 hearing on the 16th isn't until 3 p.m. I have got four other  
18 hearings that day before yours. To the extent it's going to  
19 be an evidentiary hearing I don't know if we will have enough  
20 time on the 16th. So, keep that in mind on scheduling. It  
21 may need to get pushed to another date.

22 MR. SCHATZ: We understand.

23 THE COURT: Okay.

24 MR. SCHATZ: Thank you.

25 THE COURT: Thank you.

1 Ms. Richenderfer, anything else?

2 MS. RICHENDERFER: No, Your Honor. I am not quite  
3 clear whether or not the debtor has already filed the reply,  
4 but I can deal with them about that later because we didn't  
5 agree until yesterday to move the motion or the objection, I  
6 should say, until the 16th. So, I'm not sure whether or not  
7 the reply has been filed, but I will take it under  
8 consideration and raise whatever issues are there with my  
9 client.

10 I will tell you from the perspective of the United  
11 States Trustee we will not be presenting any evidence. We  
12 think that it's a legal issue. We also think the burden is  
13 on the debtor.

14 THE COURT: All right. Thank you.

15 Mr. O'Neill, you want to speak on behalf of the  
16 committee?

17 MR. O'NEILL: I would. Your Honor, can you hear me  
18 okay?

19 THE COURT: Not really.

20 MR. O'NEILL: How about now?

21 THE COURT: Your still rather muffled.

22 MR. O'NEILL: I am going to manipulate my computer  
23 here to get the microphone close to my mouth.

24 THE COURT: Now you are completely breaking up. I  
25 can't hear you. I am only getting about every third word.

1 MR. O'NEILL: Maybe I was going the wrong way. How  
2 about this?

3 THE COURT: There you go. That's better.

4 MR. O'NEILL: Okay. Well if I look a little funny  
5 in the camera I apologize. I'm working with the best I can.  
6 I will say, I was at the airport yesterday on my way up to  
7 Philadelphia and when the news came down that the hearing was  
8 canceled. So, I know the Brandywine is very lovely this time  
9 of year, so we're missing your courtroom, but this is  
10 definitely better from an efficiency standpoint.

11 You know, with that Andrew O'Neill, White & Case,  
12 we're the proposed counsel for the committee. My colleague,  
13 Mr. Schartz, stole a little bit of my thunder, but I would  
14 like to give a little bit of background on the committee, who  
15 we are, and kind of, you know, what we are seeing  
16 (indiscernible) case.

17 You know, for starters, just to kick off, we have  
18 been move extraordinarily quickly. (Indiscernible) these  
19 days, but the committee was appointed on the (inaudible). As  
20 Mr. Schartz noted, White & Case --

21 THE COURT: You're breaking up again, Mr. O'Neill.

22 MR. O'NEILL: How about now?

23 THE COURT: Yeah.

24 MR. O'NEILL: Better. As Mr. Schartz noted, we  
25 were appointed on the 13th, as was the committee appointed.



1 And then we did interviews on the 14th and Province was  
2 selected as the financial advisor for the committee on the  
3 14th. The committee is comprised of vendors to the debtors.  
4 R&D Custom Automation, DPF Group [ph], Sprint Corp., Tixon  
5 Engineering [ph], and Grantek Systems Integration Corp. We  
6 have been having meetings with the committee regularly and I  
7 believe some, if not all, are listening in on this hearing  
8 and are very engaged in the process.

9 So, Your Honor, what we have been doing and you can  
10 well imagine getting up to speed as quickly as possible when  
11 we were appointed, you might remember, there was an objection  
12 deadline on the 14th for this hearing which was supposed to  
13 be last week. So, we immediately engaged with the debtors  
14 and they were helpful in working to move this hearing and the  
15 objection deadline.

16 We continued talking to the debtors' advisors  
17 through the weekend. A&M, and Lazard, and Kirkland were all  
18 available to help get us up to speed with this matter. And,  
19 of course, we (indiscernible) DIP and the bidding procedures  
20 right away.

21 Coming in we, obviously, have concerns about the  
22 case and the trajectory of the case with unsecured creditors  
23 slated to get a zero percent recovery. You know, I'd say we  
24 (indiscernible) two areas. The obvious ones, kind of,  
25 maximizing the sale process and what the estates might

1 receive through that process. Then thinking about an  
2 investigation and what causes of action (indiscernible).

3 As Your Honor knows, there was a significant amount  
4 of investment into this company; over a billion dollars in  
5 various forms of equity, and debt, and government financing.  
6 Now the company is eventually slated to be sold for \$225  
7 million (indiscernible), \$60 million (indiscernible).

8 We have been happily engaged, rolled up our sleeve,  
9 we got involved on those (indiscernible). We did file  
10 objections on Friday. We had some (indiscernible) bid  
11 procedures, primarily, as Mr. Schartz noted, around the  
12 length of the process and also the fact that the process, at  
13 least as one would read the bid procedures, would propose  
14 selling the new common stock of the reorganized debtor rather  
15 then allowing bidders to come in and bid (indiscernible)  
16 assets for (indiscernible) --

17 THE COURT: You're breaking up again, Mr. O'Neill.

18 MR. O'NEILL: Okay. I'm trying to stay as close to  
19 this microphone without having the corner of my head in the  
20 camera. Maybe that is a lost cause. I will focus on --

21 THE COURT: Well, you may want to -- for future  
22 reference, having now dealt with these Zoom hearings for a  
23 couple of years now or more, sometimes it works better if  
24 your computer microphone does not pickup well you can also  
25 dial-in by telephone, use the Zoom just for video, and use

1 your phone for audio.

2 MR. O'NEILL: Yeah, that is usually what I do. I  
3 dialed in for the last-minute hearing to do that. I  
4 apologize to the Court.

5 I -- because I'm not getting a lot of good feed I  
6 will just come to the crux of the thing. We are pleased that  
7 the process is (indiscernible). And we are looking forward  
8 to working with the debtors to maximize value in that  
9 process. We are also pleased that bidders can now bid on  
10 assets in addition to the (indiscernible).

11 Also, some changes to the DIP were made which were  
12 critical in allowing the committee to pursue its  
13 investigation which, you know, we have an obligation and a  
14 fiduciary duty to look into the liens, look into what causes  
15 of action the estate may have, and we plan to do that  
16 vigorously.

17 Going forward, obviously, the DIP hearing is going  
18 to be upon us in only a couple of short weeks' time. So, we  
19 plan to engage extensively with the debtors on what the plan  
20 will ultimately look like and talk about the causes of action  
21 among other things.

22 We have also been partnering with the debtors at  
23 this point on the investigation. We believe the committee  
24 has its own independent obligations to do an investigation,  
25 but we think there are ways that we can work together and do

1 that in an efficient time.

2 So, with that, Your Honor, I will thank you. Sorry  
3 for the difficulties. I will leave it there unless Your  
4 Honor has (indiscernible).

5 THE COURT: No. Thank you, Mr. O'Neill. I think I  
6 got most of what you were saying.

7 MR. O'NEILL: All right. Thanks very much.

8 THE COURT: Anyone else wish to be heard?

9 (No verbal response)

10 THE COURT: Mr. Schartz.

11 MR. SCHARTZ: Okay. I am going to pass the virtual  
12 podium here, in my office, to Mr. Latona to talk about just  
13 one quick change in the DIP and answer any questions you may  
14 have.

15 THE COURT: All right.

16 MR. ALBERTO: Your Honor, while Mr. Latona is  
17 taking the virtual podium we did correspond with Mr. Cavello  
18 during this hearing. We sent him a copy of the DIP order  
19 that had been filed and confirmed for him that the changes  
20 that Mr. Latona is about to go through we will file an  
21 additional COC after this hearing.

22 THE COURT: I have it. Thank you.

23 MR. LATONA: Great. Your Honor, for the record,  
24 Dan Latona of Kirkland & Ellis on behalf of the debtors.

25 Like Mr. Schartz and Mr. O'Neill said, the debtors,

1 the committee, and the DIP lenders worked very hard over the  
2 course of the past couple of days to resolve all the issues  
3 on the bidding procedures and on the DIP. The debtors made a  
4 number of changes to provide adequate protection to two  
5 secured lenders, Southern States and Renasant, in addition to  
6 working with the committee to address its changes.

7           So, Your Honor, one minor revision that we have  
8 already started socializing with the parties is to add a  
9 reservation of rights in Paragraph 10(b) that provides that  
10 property acquired after the petition date also constitutes  
11 prepetition Renasant collateral. The parties are going to  
12 reserve all of their rights to challenge whether any  
13 collateral does constitute or after acquired property does  
14 constitute prepetition Renasant collateral. We decided that  
15 instead of fighting about it at this time we would push it to  
16 a later date. So, we intend to file a revised DIP order in  
17 the very near term under COC.

18           THE COURT: All right.

19           MR. SCHATZ: One other clarification for the  
20 record, Your Honor, in Paragraph 11(c) there is a provision  
21 that provides Southern States adequate protection for current  
22 interest payments and also legal fees. To the extent that  
23 Southern States wishes to seek more in legal fees they are  
24 permitted to do so, but clarifying for the record that they  
25 will file a motion to seek further fees and not simply

1 request from the debtors or the DIP lenders.

2 So, unless Your Honor has any questions the debtors  
3 will submit a revised order under COC.

4 THE COURT: Okay. No, that's fine. I see those  
5 two changes. All right. That's fine. Thank you.

6 Mr. Waxman.

7 MR. WAXMAN: Good afternoon, Your Honor. Jeff  
8 Waxman of Morris James on behalf of Southern States Bank.  
9 With me today is my colleague, Tara Pakrouh.

10 THE COURT: You are having the same problem with  
11 your microphone, Mr. Waxman. You are breaking up.

12 MR. WAXMAN: I'm sorry. Can you hear me, Your  
13 Honor?

14 THE COURT: Now I can.

15 MR. WAXMAN: I will do my best to hold my camera  
16 steady so that it's closer. I apologize.

17 Southern States is the senior secured creditor on  
18 the debtors' equipment and inventory as a claim of  
19 approximately \$31.4 million. After significant back and  
20 forth, Your Honor, Southern States has reached a resolution  
21 with the debtors which provides Southern States with adequate  
22 protection.

23 Southern States wants to be clear, Your Honor,  
24 based on the trajectory of the case Southern States agreed to  
25 a relatively modest amount for its legal fees and expenses

1 through the case with the expectation and understanding that  
2 either the assets would be sold and Southern States would be  
3 paid in full or its claim would be unimpaired under a plan.  
4 This is without prejudice to seeking additional adequate  
5 protection if needed or receive payment of such fees as  
6 permitted under Section 506(b) and the underlying loan  
7 agreements which does provide for allowance of legal fees and  
8 expenses.

9           Southern States understands the creditor  
10 committee's request for any request for additional adequate  
11 protection that may be filed through a motion after an  
12 opportunity for hearing. We absolutely have no problem with  
13 that, Your Honor.

14           Southern States would remind everybody, however,  
15 that Southern States request for adequate protection was  
16 based upon the expected trajectory of the case and it really  
17 does not intend to be active in this case unless its rights  
18 are being adversely affected. So, ultimately, the need for  
19 Southern States to come and request additional adequate  
20 protection is largely dependent upon the actions taken by the  
21 debtors and creditors committee with respect to Southern  
22 States.

23           With that, Your Honor, Southern States does agree  
24 with the form of order. It has no further comments. It has  
25 seen the comment that was just recently circulated by the

1 debtor and does not oppose that. We look forward to a prompt  
2 process resolving all of the issues with respect to Southern  
3 States.

4 THE COURT: Okay. Thank you, Mr. Waxman.

5 MR. WAXMAN: Thank you, Your Honor.

6 THE COURT: Anyone else wish to be heard?

7 (No verbal response)

8 THE COURT: All right. Mr. Latona, anything  
9 further?

10 MR. LATONA: No. Unless Your Honor has any further  
11 questions, that concludes today's agenda. We will see you on  
12 May 16th.

13 THE COURT: All right. Thank you very much. I  
14 will look forward to the COC. We will get that entered. I  
15 didn't have any other issues with the proposed form of order.  
16 So, as soon as we get that we will be able to get it entered  
17 for you.

18 MR. LATONA: Thank you, Your Honor.

19 THE COURT: Thank you. We're adjourned.

20 (Proceedings concluded at 1:34 p.m.)  
21  
22  
23  
24  
25



CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of my knowledge and ability.

/s/ Mary Zajackowski

April 26, 2023

Mary Zajackowski, CET-531

Certified Court Transcriptionist

For Reliable